

**CIRCULAR DATED 13 APRIL 2018**

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

**If you are in any doubt as to the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.**

If you have sold or transferred all your shares in the capital of China Jinjiang Environment Holding Company Limited, you should immediately forward this Circular, the Notice of Extraordinary General Meeting and the accompanying Proxy Form to the purchaser or transferee or to the bank, stockbroker or agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

The Singapore Exchange Securities Trading Limited (“**SGX-ST**”) assumes no responsibility for the accuracy or correctness of any statements or opinions made, or reports contained, in this Circular.

China International Capital Corporation (Singapore) Pte. Limited was the sole issue manager, global coordinator, bookrunner and underwriter (“**Sole Issue Manager, Global Coordinator, Bookrunner and Underwriter**”) for the initial public offering of shares in, and listing of, China Jinjiang Environment Holding Company Limited on the Mainboard of the SGX-ST. The Sole Issue Manager, Global Coordinator, Bookrunner and Underwriter assumes no responsibility for the contents of this Circular.



**CHINA JINJIANG ENVIRONMENT HOLDING COMPANY LIMITED**

**中国锦江环境控股有限公司**  
(Company Registration Number: 245144)  
(Incorporated in the Cayman Islands on 8 September 2010)

**CIRCULAR TO SHAREHOLDERS**

**IN RELATION TO**

- (1) THE PROPOSED ADOPTION OF THE SHARE PURCHASE MANDATE; AND**
- (2) THE PROPOSED MODIFICATIONS TO, AND RENEWAL OF, THE GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS**

**IMPORTANT DATES AND TIMES**

- Last date and time for lodgement of Proxy Form : 27 April 2018 at 11.00 a.m.
- Date and time of Extraordinary General Meeting : 30 April 2018 at 11.00 a.m. (or as soon thereafter following the conclusion or adjournment of the Annual General Meeting of the Company to be held at 10.00 a.m. on the same day and at the same place)
- Place of Extraordinary General Meeting : Suntec Singapore Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Level 3, Room 334, Singapore 039593

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## DEFINITIONS

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In this Circular, the following definitions shall apply throughout unless the context otherwise requires:

- “Audit Committee”** : The audit committee of the Company currently comprising of Mr. Tan Huay Lim, Mr. Ang Swee Tian, Mr. Hee Theng Fong and Mr. Roy Edwin Campbell II.
- “Cayman Islands Companies Law”** : The Companies Law of the Cayman Islands, as amended, supplemented or otherwise modified from time to time.
- “CDP”** : The Central Depository (Pte) Limited.
- “China Green Energy”** : China Green Energy Limited, an exempted company incorporated on 5 May 2004 under the laws of the Cayman Islands, which is one of the Controlling Shareholders of the Company.
- “Company”** : China Jinjiang Environment Holding Company Limited 中国锦江环境控股有限公司.
- “Controlling Shareholder”** : A person who (a) holds directly or indirectly 15% or more of the issued shares excluding treasury shares and subsidiary holdings in a company (the SGX-ST may determine that a person who satisfies the above is not a Controlling Shareholder); or (b) in fact exercises control over a company.
- “Directors”** : The directors of the Company for the time being (collectively, the **“Board of Directors”**).
- “EAR Group”** : The Company, its subsidiaries and associated companies that are considered to be “entities at risk” within the meaning of Chapter 9 of the Listing Manual.
- “EGM”** : The extraordinary general meeting of the Company, notice of which is given on pages N-1 to N-4 of this Circular.
- “EPS”** : Earnings per Share.
- “Executive Directors”** : The executive directors of the Company for the time being.
- “FY”** : Financial year ended or, as the case may be, ending 31 December.
- “Group”** : The Company and its subsidiaries.
- “Hangzhou Zhengcai”** : Hangzhou Zhengcai Holding Group Co., Ltd. (杭州正才控股集团有限公司) (formerly known as Zhejiang Zhengcai Trading Co., Ltd. (浙江正才贸易有限公司)), a company incorporated under the laws of the PRC with limited liability, which is a wholly-owned subsidiary of Jinjiang Group and is one of the Controlling Shareholders of the Company.
- “Interested Person”** : A director, chief executive officer or Controlling Shareholder of the Company or an associate of such director, chief executive officer or Controlling Shareholder.
- “IPT General Mandate”** : The general mandate from Shareholders to enable the EAR Group to enter into certain recurrent interested person transactions which are of a revenue or trading nature or certain interested person transactions necessary for day-to-day operations such as

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## DEFINITIONS

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	: the purchase and sale of supplies and materials, provided that all such transactions are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders
<b>“Jinjiang Environment Performance Share Plan”</b>	: The performance share plan of the Company approved by Shareholders on 29 June 2016.
<b>“Jinjiang Group”</b>	: Hangzhou Jinjiang Group Co., Ltd. (杭州锦江集团有限公司), a company incorporated under the laws of the PRC with limited liability, which is owned as to 63.29% by Mr. Dou Zhenggang and 36.71% by Zhejiang Hengjia and is one of the Controlling Shareholders of the Company.
<b>“Latest Practicable Date”</b>	: 30 March 2018, being the latest practicable date prior to the printing of this Circular.
<b>“Listing Manual”</b>	: The Listing Manual of the SGX-ST, including any amendments made thereto up to the Latest Practicable Date.
<b>“Market Day”</b>	: A day on which the SGX-ST is open for trading in securities.
<b>“NTA”</b>	: Net tangible assets.
<b>“PRC”</b>	: People’s Republic of China, excluding Hong Kong, Macau and Taiwan for the purposes of this Circular and for geographical reference only.
<b>“Register of Members”</b>	: The Register of Members of the Company.
<b>“Relevant Period”</b>	: Has the meaning ascribed to it in paragraph 2.3.2 of this Circular.
<b>“ROE”</b>	: Return on equity.
<b>“Securities Accounts”</b>	: Securities accounts maintained by Depositors with CDP, but not including securities sub-accounts maintained with a Depository Agent.
<b>“SFA”</b>	: The Securities and Futures Act, Chapter 289 of Singapore, as amended from time to time.
<b>“SGX-ST”</b>	: Singapore Exchange Securities Trading Limited.
<b>“Share Purchase Mandate”</b>	: The mandate to enable the Company to purchase or otherwise acquire its issued Shares.
<b>“Shareholders”</b>	: Registered holders of Shares in the Register of Members, except that where the registered holder is CDP, the term <b>“Shareholders”</b> shall, in relation to such Shares and where the context admits, mean the persons named as Depositors in the Depository Register maintained by the CDP and whose Securities Accounts maintained with CDP are credited with those Shares.
<b>“Shares”</b>	: Ordinary shares in the capital of the Company.

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## DEFINITIONS

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- “**Substantial Shareholder**” : A person who has an interest directly or indirectly in 5% or more of the total number of voting Shares of the Company.
- “**Take-over Code**” : The Singapore Code on Take-overs and Mergers.
- “**Win Charm**” : Win Charm Limited (勝美有限公司), an exempted company incorporated on 18 August 2005 under the laws of the Cayman Islands, which is a wholly-owned subsidiary of Jinjiang Group and is one of the Controlling Shareholders of the Company.
- “**Zhejiang Hengjia**” : Zhejiang Hengjia Holding Co., Ltd. (浙江恒嘉控股有限公司), a limited liability company incorporated under the laws of the PRC, which is wholly owned by Ms. Wei Xuefeng, who is one of the Controlling Shareholders of the Company and the spouse of Mr. Dou Zhenggang. Zhejiang Hengjia is one of the Controlling Shareholders of the Company.

### Glossary of Technical Terms

- “**EMC**” : energy management contracting; mainly includes services relating to equipment selection, construction planning, residual heat utilisation, and optimisation of operations and maintenance.
- “**municipal solid waste**” : household waste, sanitary waste, commercial waste and other non-industrial waste generated from day-to-day activities in an urban centre, which primarily comprises food and other organic waste.
- “**WTE**” : waste-to-energy; mainly includes waste incineration and power generation in which municipal solid waste is burned at high temperature where the heat energy generated during burning is transformed to high temperature steam to initiate the rotation of turbines for power generation.

### Currencies and Others

- “**RMB**” and “**RMB cents**” : PRC Renminbi and Renminbi cents, respectively.
- “**S\$**”, “**\$**” and “**cents**” : Singapore dollars and cents, respectively.
- “**%**” or “**per cent.**” : Per centum or percentage.

The term “**subsidiary**” shall have the meaning ascribed to it in Section 5 of the Companies Act, Chapter 50 of Singapore.

The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the meanings ascribed to them respectively, in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore (“**SFA**”).

Words importing the singular shall, where applicable, include the plural and vice versa, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to persons shall include corporations.

Unless otherwise indicated, RMB amounts in this Circular have been translated into Singapore dollars, based on the exchange rate of S\$1.00 : RMB4.7942 quoted by Bloomberg L.P. on 29 March 2018, being the Market Day immediately preceding the Latest Practicable Date.

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## DEFINITIONS

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Any reference in this Circular to any statute or enactment is a reference to that statute or enactment for the time being amended or re-enacted. Any word defined under the SFA, the Listing Manual, or any relevant laws of the Republic of Singapore or any modification thereof and used in this Circular shall, where applicable, have the meaning assigned to it under the SFA, the Listing Manual, or any relevant laws of the Republic of Singapore or any modification thereof, as the case may be, unless otherwise provided.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Any reference to a time of day and date in this Circular is a reference to Singapore time and date, respectively, unless otherwise stated.

Any discrepancies in figures included in this Circular between the amounts shown and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures that precede them.

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## LETTER TO SHAREHOLDERS

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### CHINA JINJIANG ENVIRONMENT HOLDING COMPANY LIMITED

中国锦江环境控股有限公司

(Company Registration Number: 245144)

(Incorporated in the Cayman Islands on 8 September 2010)

#### Board of Directors:

Wang Yuanlu (王元璐) (Non-Executive, Non-Independent Chairman)  
Wang Wuzhong (王武忠) (Executive Director)  
Wang Ruihong (王瑞红) (Executive Director)  
Roy Edwin Campbell II (Non-Executive Director)  
Ang Swee Tian (Lead Independent Director)  
Hee Theng Fong (Independent Director)  
Tan Huay Lim (Independent Director)  
Ni Mingjiang (倪明江) (Independent Director)

#### Registered Office:

Grand Pavilion, Hibiscus Way  
802 West Bay Road  
P.O. Box 31119  
KY1-1205, Cayman Islands

13 April 2018

To: The Shareholders of China Jinjiang Environment Holding Company Limited  
中国锦江环境控股有限公司

Dear Sir / Madam

- (1) **THE PROPOSED ADOPTION OF THE SHARE PURCHASE MANDATE; AND**
- (2) **THE PROPOSED MODIFICATIONS TO, AND RENEWAL OF, THE GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS**

#### 1. INTRODUCTION

##### 1.1 EGM

The Directors are convening an extraordinary general meeting to be held at Suntec Singapore Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Level 3, Room 334, Singapore 039593 on 30 April 2018 at 11.00 a.m. (or as soon thereafter following the conclusion or adjournment of the Annual General Meeting of the Company to be held at 10.00 a.m. on the same day and at the same place) (“**EGM**”) to seek Shareholders’ approval for:

- (a) the proposed adoption of the mandate to enable the Company to purchase or otherwise acquire its issued Shares (the “**Share Purchase Mandate**”); and
- (b) the proposed modifications to, and renewal of, the general mandate for interested person transactions (the “**IPT General Mandate**”).

##### 1.2 Circular

The purpose of this Circular is to provide Shareholders with information relating to the proposed adoption of the Share Purchase Mandate and the proposed modifications to, and renewal of, the IPT General Mandate to be tabled at the EGM.

#### 2. THE PROPOSED ADOPTION OF THE SHARE PURCHASE MANDATE

##### 2.1 Introduction

Any purchase or acquisition of Shares by the Company would have to be made in accordance with, and in the manner prescribed by, the Memorandum and Articles of Association of the Company, the Cayman Islands Companies Law, the Listing Manual and such other laws and regulations as may, for the time being, be applicable. Article 60(b) of the Articles of Association of the Company expressly permits the Company to purchase its issued Shares.

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## LETTER TO SHAREHOLDERS

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The Company is required under Article 64 of the Articles of Association and the Listing Manual to obtain the approval of its Shareholders at a general meeting if it wishes to purchase or acquire its own Shares. Accordingly, approval is being sought from Shareholders at the EGM for the adoption of the Share Purchase Mandate to enable the Company to purchase or acquire its issued Shares.

If approved by Shareholders at the EGM, the authority conferred by the Share Purchase Mandate will continue in force until the conclusion of the next annual general meeting of the Company or the date by which it is required to be held (whereupon it will lapse, unless renewed at such meeting), the date on which purchases and acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated, or until it is varied or revoked by Shareholders in a general meeting (if so varied or revoked prior to the next annual general meeting), whichever is the earliest. The Share Purchase Mandate may be put to Shareholders for renewal at each subsequent annual general meeting.

### 2.2 **Rationale**

The rationale for the Company to undertake the purchase or acquisition of its Shares is as follows:

- (a) in managing the business of the Group, management will strive to increase Shareholders' value by improving, *inter alia*, the ROE of the Company. In addition to growth and expansion of the business, share purchases may be considered as one of the ways through which the ROE of the Company may be enhanced;
- (b) the Share Purchase Mandate will provide the Company with greater flexibility in managing its capital and maximising returns to its Shareholders. To the extent that the Company has capital and surplus funds which are in excess of its financial needs, taking into account its growth and expansion plans, the Share Purchase Mandate will facilitate the return of excess cash and surplus funds to Shareholders in an expedient, effective and cost-efficient manner;
- (c) the Share Purchase Mandate will provide the Company the flexibility to undertake share repurchases at any time, subject to market conditions, during the period when the Share Purchase Mandate is in force; and
- (d) shares which are purchased by the Company pursuant to the Share Purchase Mandate and held in treasury may, *inter alia*, to the extent permitted by applicable law, be transferred for the purposes of or pursuant to share schemes implemented by the Company, including the Jinjiang Environment Performance Share Plan, to enable the Company to take advantage of tax deductions under the current taxation regime. The use of treasury shares in lieu of issuing new Shares would also mitigate the dilution impact on existing Shareholders.

The purchase or acquisition of Shares will only be undertaken if it can benefit the Company and Shareholders. Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Purchase Mandate may not be carried out to the full limit as authorised. No purchase or acquisition of Shares will be made in circumstances which would have or may have a material adverse effect on the liquidity and capital adequacy position of the Group as a whole and/or affect the listing status of the Company on the SGX-ST.

### 2.3 **Authority and Limits of the Share Purchase Mandate**

The authority and limitations placed on the Share Purchase Mandate, if approved at the EGM, are summarised below:

#### 2.3.1 **Maximum Number of Shares**

Only Shares which are issued and fully paid up may be purchased or acquired by the Company.



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## LETTER TO SHAREHOLDERS

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The total number of Shares which may be purchased or acquired by the Company is limited to that number of Shares representing not more than 10.0% of the issued Shares as at the date of the EGM at which the Share Purchase Mandate is approved, unless the Company has effected a reduction of its share capital in accordance with the applicable provisions of the Cayman Islands Companies Law, at any time during the Relevant Period (as defined below) or within any one (1) financial year of the Company, whichever is the earlier, in which event the issued ordinary share capital of the Company shall be taken to be the amount of the issued ordinary share capital of the Company as altered. Any Shares which are held as treasury shares or subsidiary holdings will be disregarded for purposes of computing the 10.0% limit.

The Company does not hold any treasury shares and there are no subsidiary holdings as at the Latest Practicable Date.

Purely for illustrative purposes, on the basis of 1,221,581,000 Shares in issue as at the Latest Practicable Date and assuming that no further Shares are issued or cancelled on or prior to the EGM, the purchase or acquisition by the Company of up to the maximum limit of 10.0% of its issued Shares will result in the purchase or acquisition of 122,158,100 Shares. However, as stated in paragraph 2.2 above and paragraph 2.9 below, purchases or acquisitions pursuant to the Share Purchase Mandate need not be carried out to the full extent mandated, and, in any case, would not be carried out to such an extent that would result in the Company being delisted from the SGX-ST. The public float in the issued Shares as at the Latest Practicable Date is disclosed in paragraph 2.9 below.

### 2.3.2 *Duration of Authority*

Purchases or acquisitions of Shares may be made, at any time and from time to time, on and from the date of the EGM, at which the adoption of the Share Purchase Mandate is approved, up to:

- (a) the conclusion of the next annual general meeting of the Company;
- (b) the date on which the next annual general meeting of the Company is required to be held;
- (c) the date on which purchases and acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated; or
- (d) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by Shareholders in a general meeting,

whichever is the earliest (the “**Relevant Period**”).

### 2.3.3 *Manner of Purchases or Acquisitions of Shares*

Purchases or acquisitions of Shares may be made by way of:

- (a) on-market purchases (“**Market Purchases**”), transacted through the SGX-ST’s trading system or on any other securities exchange on which the Shares may for the time being be listed and quoted, through one or more duly licensed dealers appointed by the Company for the purpose; and/or
- (b) off-market purchases (“**Off-Market Purchases**”), otherwise than on a securities exchange, in accordance with an equal access scheme.

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## LETTER TO SHAREHOLDERS

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The Directors may impose such terms and conditions which are not inconsistent with the Share Purchase Mandate, the Listing Manual and the Cayman Islands Companies Law as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme or schemes. An equal access scheme must, however, satisfy all the following conditions:

- (i) offers for the purchase or acquisition of Shares shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;
- (ii) all of those persons shall be given a reasonable opportunity to accept the offers made; and
- (iii) the terms of all the offers are the same, except that there shall be disregarded (1) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements, (2) (if applicable) differences in consideration attributable to the fact that the offers relate to Shares with different amounts remaining unpaid, and (3) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

If the Company wishes to make an Off-Market Purchase in accordance with an equal access scheme, it will issue an offer document containing at least the following information:

- (1) the terms and conditions of the offer;
- (2) the period and procedures for the acceptances; and
- (3) the information required under Rules 883(2), (3), (4), (5) and (6) of the Listing Manual.

### 2.3.4 **Purchase Price**

The purchase price (excluding related brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) to be paid for a Share will be determined by the Directors. The purchase price to be paid for the Shares as determined by the Directors pursuant to the Share Purchase Mandate must not exceed:

- (a) in the case of a Market Purchase, 105% of the Average Closing Price of the Shares; and
- (b) in the case of an Off-Market Purchase, 120% of the Average Closing Price,

in each case, excluding related expenses of the purchase or acquisition (the “**Maximum Price**”).

For the above purposes:

“**Average Closing Price**” means the average of the closing market prices of a Share over the last five (5) consecutive Market Days on which the Shares are transacted on the SGX-ST or, as the case may be, such securities exchange on which the Shares are listed or quoted, immediately preceding the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted, in accordance with the rules of the SGX-ST, for any corporate action that occurs after the relevant five-day period; and

“**date of the making of the offer**” means the date on which the Company makes an offer for an Off-Market Purchase, stating therein the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

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## LETTER TO SHAREHOLDERS

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### 2.4 Status of Purchased Shares

A Share purchased or acquired by the Company is, unless held by the Company as a treasury share in accordance with the Cayman Islands Companies Law, treated as cancelled immediately on purchase or acquisition. On such cancellation, all rights and privileges attached to that Share will expire and the Company's issued share capital (but not its authorised share capital) shall be diminished by the nominal value of that Share. Accordingly, the total number of issued Shares, but not the Company's authorised share capital, will be diminished by the number of Shares purchased or acquired by the Company which are cancelled and are not held as treasury shares.

All Shares purchased or acquired by the Company and cancelled will be automatically delisted by the SGX-ST, and (where applicable) all certificates in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following the settlement of any such purchase or acquisition of Shares.

### 2.5 Treasury Shares

Under the Cayman Islands Companies Law, a company may hold shares so purchased or acquired as treasury shares provided that:

- (a) the memorandum and articles of association of the company do not prohibit it from holding treasury shares;
- (b) the relevant provisions of the memorandum and articles of association (if any) are complied with; and
- (c) the company is authorised in accordance with the company's articles of association or by a resolution of the directors to hold such shares in the name of the company as treasury shares prior to the purchase, redemption or surrender of such shares.

Some of the provisions on treasury shares under the Cayman Islands Companies Law are summarised below:

#### 2.5.1 *Maximum Holdings*

The Company may hold Shares that have been purchased or acquired as treasury shares unless, as a result of the purchase or acquisition, there would no longer be any issued shares of the Company other than shares held as treasury shares.

#### 2.5.2 *Voting and Other Rights*

Where Shares purchased or acquired by the Company are held as treasury shares, the Company shall be entered into its register of members as holding the treasury shares, but shall not be treated as a member of the Company for any purpose and shall not exercise any right, including voting and dividend rights, in respect of the treasury shares, and any purported exercise of such a right shall be void. A treasury share shall not be voted, directly or indirectly, at any meeting of the Company, and shall not be counted in determining the total number of issued Shares at any given time, whether for the purpose of the Articles of Association of the Company or the Cayman Islands Companies Law.

No dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to members on a winding up) may be made to the Company, in respect of a treasury share. However, notwithstanding the aforesaid, Shares may be allotted as fully paid bonus shares in respect of a treasury share and such Shares allotted as fully paid bonus shares in respect of a treasury share shall be treated as treasury shares.

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## LETTER TO SHAREHOLDERS

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### 2.5.3 *Disposal and Cancellation*

Where Shares are held as treasury shares, the Company may at any time (but subject always to the Take-over Code):

- (a) cancel the treasury shares in accordance with the provisions of the Company's Articles of Association or (in the absence of any applicable provisions in the Company's Articles of Association) by a resolution of the Directors, and if so cancelled, the amount of the Company's issued share capital (but not the Company's authorised share capital) shall be diminished by the nominal or par value of those treasury shares accordingly; or
- (b) transfer the treasury shares to any person, whether or not for valuable consideration (including at a discount to the nominal or par value of such treasury shares).

Under Rule 704(28) of the Listing Manual, an immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury shares. Such announcement must include details such as the date of the sale, transfer, cancellation and/or use of such treasury shares, the purpose of such sale, transfer, cancellation and/or use of such treasury shares, the number of treasury shares which have been sold, transferred, cancelled and/or used, the number of treasury shares before and after such sale, transfer, cancellation and/or use, the percentage of the number of treasury shares against the total number of issued shares (of the same class as the treasury shares) which are listed before and after such sale, transfer, cancellation and/or use and the value of the treasury shares if they are used for a sale or transfer, or cancelled.

### 2.6 **Source of Funds**

In purchasing or acquiring Shares, the Company shall only apply funds legally available in accordance with its Articles of Association, the Cayman Islands Companies Law and any other applicable laws in Singapore and the Cayman Islands. Furthermore, the Company may not purchase or acquire its Shares on the SGX-ST in accordance with its Articles of Association or for settlement otherwise than in accordance with the trading rules of the SGX-ST.

Pursuant to the Articles of Association of the Company and the Cayman Islands Companies Law, any payment made by the Company in consideration of the purchase or acquisition of its own Shares may only be made out of the profits of the Company, share premium, out of the proceeds of a fresh issue of Shares made for the purposes of the purchase or by a payment out of capital as the Board may determine in accordance with the provisions of the Cayman Islands Companies Law. A payment out of capital by a Cayman Islands company for the purchase of its own shares is not lawful unless immediately following the date on which the payment out of capital is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business. Apart from using its internal sources of funds, the Company may obtain or incur borrowings to finance its purchase or acquisition of Shares.

The Company intends to use internal resources or external borrowings, or a combination of both, to finance its purchase or acquisition of Shares pursuant to the Share Purchase Mandate. In purchasing or acquiring Shares pursuant to the Share Purchase Mandate, the Directors will, principally, consider the availability of internal resources. In addition, the Directors will also consider the availability of external financing. The Directors do not propose to exercise the Share Purchase Mandate in a manner and to such extent that the liquidity and capital adequacy position of the Group would be materially adversely affected.

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## LETTER TO SHAREHOLDERS

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### 2.7 Financial Effects

Under the Cayman Islands Companies Law, purchases or acquisitions of Shares by the Company may be made out of the Company's capital or profits or share premium or the proceeds of a fresh issue of Shares made for that purpose.

Where the purchased or acquired Shares are cancelled, a reduction by the total amount of the purchase price paid by the Company for the Shares cancelled will be made to:

- (a) the share capital of the Company where the Shares were purchased out of the capital of the Company;
- (b) the profits of the Company where the Shares were purchased out of the profits of the Company;
- (c) the share premium account where the Shares were purchased out of the share premium account of the Company; or
- (d) the share capital, share premium and profits of the Company proportionately where the Shares were purchased out of the capital, share premium and profits of the Company.

The financial effects on the Company and the Group arising from purchases or acquisitions of Shares which may be made pursuant to the Share Purchase Mandate will depend on, *inter alia*, whether the Shares are purchased or acquired out of the capital, share premium and/or profits of the Company, the number of Shares purchased or acquired, the price paid for such Shares and whether the Shares purchased or acquired are held in treasury or cancelled. The financial effects on the Company and the Group, based on the audited financial statements of the Company and the Group for the financial year ended 31 December 2017, are based on the assumptions set out below.

#### 2.7.1 **Purchase or Acquisition out of Capital, Share Premium and/or Profits**

Under the Cayman Islands Companies Law, purchases or acquisitions of Shares by the Company may be made out of the Company's capital, share premium and/or profits so long as the Company is solvent.

Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of share premium and/or profits, such consideration (including any expenses incurred directly in the purchase or acquisition of Shares) will correspondingly reduce the amount available for the distribution of cash dividends by the Company. Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of capital, the amount available for the distribution of dividends by the Company will not be reduced.

#### 2.7.2 **Number of Shares Acquired or Purchased**

As at the Latest Practicable Date, the Company has 1,221,581,000 Shares in issue.

Purely for illustrative purposes, on the basis of 1,221,581,000 Shares in issue and a public float of approximately 17.00% as at the Latest Practicable Date and assuming that no further Shares are issued on or prior to the EGM, the purchase or acquisition by the Company of 6.00% of its issued Shares (with a view to maintaining a buffer to its public float as at the Latest Practicable Date) will result in the purchase or acquisition of 73,294,860 Shares.

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### 2.7.3 **Maximum Price Paid for Shares Acquired or Purchased**

In the case of Market Purchases by the Company, assuming that the Company purchases or acquires the 73,294,860 Shares at the Maximum Price of S\$0.5859 for one Share (being the price equivalent to 5.0% above the average of the closing market prices of the Shares for the five consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of the 73,294,860 Shares is approximately S\$42,943,458 or RMB205,879,500.

In the case of Off-Market Purchases by the Company, assuming that the Company purchases or acquires the 73,294,860 Shares at the Maximum Price of S\$0.6696 for one Share (being the price equivalent to 20.0% above the average of the closing market prices of the Shares for the five consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of the 73,294,860 Shares is approximately S\$49,078,238 or RMB235,290,900.

### 2.7.4 **Illustrative Financial Effects**

The financial effects on the Company and the Group arising from purchases or acquisitions of Shares which may be made pursuant to the Share Purchase Mandate will depend on, *inter alia*, the aggregate number of Shares purchased or acquired, whether the purchase or acquisition is made out of capital, share premium and/or profits, the consideration paid at the relevant time and whether the Shares purchased or acquired are cancelled or held as treasury shares.

For illustrative purposes only and on the basis of the assumptions set out in paragraphs 2.7.2 and 2.7.3 above, the financial effects of:

- (a) the acquisition of 73,294,860 Shares representing 6.00% of issued Shares by the Company pursuant to the Share Purchase Mandate by way of Market Purchases and Off-Market Purchases made entirely out of capital and held as treasury shares;
- (b) the acquisition of 73,294,860 Shares representing 6.00% of issued Shares by the Company pursuant to the Share Purchase Mandate by way of Market Purchases and Off-Market Purchases made entirely out of profits and cancelled; and
- (c) the acquisition of 73,294,860 Shares representing 6.00% of issued Shares by the Company pursuant to the Share Purchase Mandate by way of Market Purchases and Off-Market Purchases made entirely out of capital and cancelled,

on the audited financial statements of the Group and the Company for the financial year ended 31 December 2017 are set out below:

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- (a) Purchases of 73,294,860 Shares representing 6.00% of issued Shares made entirely out of capital and held as treasury shares<sup>(1)</sup>

	Group			Company		
	Before Share Purchase RMB'000	After Market Purchase RMB'000	After Off-Market Purchase RMB'000	Before Share Purchase RMB'000	After Share Purchase RMB'000	After Off-Market Purchase RMB'000
<b>As at 31 December 2017</b>						
Share Capital	81	81	81	81	81	81
Share Premium	1,391,627	1,391,627	1,391,627	1,391,627	1,391,627	1,391,627
Retained earnings	2,889,591	2,889,591	2,889,591	(139,882)	(139,882)	(139,882)
Reserves	453,996	453,996	453,996	1,057,112	1,057,112	1,057,112
	<u>4,735,295</u>	<u>4,735,295</u>	<u>4,735,295</u>	<u>2,308,938</u>	<u>2,308,938</u>	<u>2,308,938</u>
Treasury Shares	–	(205,880)	(235,291)	–	(205,880)	(235,291)
Total Shareholders' Equity	4,735,295	4,529,415	4,500,004	2,308,938	2,103,058	2,073,647
Non-controlling interests	155,898	155,898	155,898	–	–	–
Total Equity	<u>4,891,193</u>	<u>4,685,313</u>	<u>4,655,902</u>	<u>2,308,938</u>	<u>2,103,058</u>	<u>2,073,647</u>
Net Assets	4,891,193	4,685,313	4,655,902	2,308,938	2,103,058	2,073,647
Current Assets	4,239,568	4,033,688	4,004,277	1,838,098	1,632,218	1,602,807
Current Liabilities	3,802,951	3,802,951	3,802,951	52,630	52,630	52,630
Total Borrowings	5,098,160	5,098,160	5,098,160	1,310,410	1,310,410	1,310,410
Cash and Cash Equivalents	1,276,454	1,070,574	1,041,163	364,360	158,480	129,069
(Net Debt)/Cash	2.99	3.76	3.90	2.60	7.27	9.15
Number of Shares ('000) (excluding treasury shares)	1,221,581	1,148,286	1,148,286	1,221,581	1,148,286	1,148,286
<b>Financial Ratios</b>						
Net Asset Value per Share (RMB)	4.00	4.08	4.05	1.89	1.83	1.81
Gross Debt <sup>(2)</sup> Gearing (%)	104.23%	108.81%	109.50%	56.75%	62.31%	63.19%
Net Debt <sup>(2)</sup> Gearing (%)	78.13%	85.96%	87.14%	40.97%	54.77%	56.97%
Current Ratio (times)	1.11	1.06	1.05	34.92	31.01	30.45
Basic EPS (RMB cents)	<u>49.22</u>	<u>52.36</u>	<u>52.36</u>	NA	NA	NA

Notes:

- (1) 73,294,860 Shares to be held as treasury shares and is computed based on 1,221,581,000 Shares in issue as at the Latest Practicable Date.
- (2) Gross and Net Debt measured against Total Equity.



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- (b) Purchases of 73,294,860 Shares representing 6.00% of issued Shares made entirely out of profits and cancelled<sup>(1)</sup>

	Group			Company		
	Before Share Purchase RMB'000	After Market Purchase RMB'000	After Off-Market Purchase RMB'000	Before Share Purchase RMB'000	After Share Purchase RMB'000	After Off-Market Purchase RMB'000
<b>As at 31 December 2017</b>						
Share Capital	81	81	81	81	81	81
Share Premium	1,391,627	1,391,627	1,391,627	1,391,627	1,391,627	1,391,627
Retained earnings	2,889,591	2,683,711	2,654,300	(139,882)	(345,762)	(375,173)
Reserves	453,996	453,996	453,996	1,057,112	1,057,112	1,057,112
	4,735,295	4,529,415	4,500,004	2,308,938	2,103,058	2,073,647
Treasury Shares	–	–	–	–	–	–
Total Shareholders' Equity	4,735,295	4,529,415	4,500,004	2,308,938	2,103,058	2,073,647
Non-controlling interests	155,898	155,898	155,898	–	–	–
Total Equity	4,891,193	4,685,313	4,655,902	2,308,938	2,103,058	2,073,647
Net Assets	4,891,193	4,685,313	4,655,902	2,308,938	2,103,058	2,073,647
Current Assets	4,239,568	4,033,688	4,004,277	1,838,098	1,632,218	1,602,807
Current Liabilities	3,802,951	3,802,951	3,802,951	52,630	52,630	52,630
Total Borrowings	5,098,160	5,098,160	5,098,160	1,310,410	1,310,410	1,310,410
Cash and Cash Equivalents	1,276,454	1,070,574	1,041,163	364,360	158,480	129,069
(Net Debt)/Cash	2.99	3.76	3.90	2.60	7.27	9.15
Number of Shares ('000) (excluding treasury shares)	1,221,581	1,148,286	1,148,286	1,221,581	1,148,286	1,148,286
<b>Financial Ratios</b>						
Net Asset Value per Share (RMB)	4.00	4.08	4.05	1.89	1.83	1.81
Gross Debt <sup>(2)</sup> Gearing (%)	104.23%	108.81%	109.50%	56.75%	62.31%	63.19%
Net Debt <sup>(2)</sup> Gearing (%)	78.13%	85.96%	87.14%	40.97%	54.77%	56.97%
Current Ratio (times)	1.11	1.06	1.05	34.92	31.01	30.45
Basic EPS (RMB cents)	49.22	52.36	52.36	NA	NA	NA

Notes:

- (1) 73,294,860 Shares to be cancelled and is computed based on 1,221,581,000 Shares in issue as at the Latest Practicable Date.
- (2) Gross and Net Debt measured against Total Equity.



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- (c) Purchases of 73,294,860 Shares representing 6.00% of issued Shares made entirely out of capital and cancelled<sup>(1)</sup>

	Group			Company		
	Before Share Purchase RMB'000	After Market Purchase RMB'000	After Off-Market Purchase RMB'000	Before Share Purchase RMB'000	After Share Purchase RMB'000	After Off-Market Purchase RMB'000
As at 31 December 2017						
Share Capital	81	76	76	81	76	76
Share Premium	1,391,627	1,185,752	1,156,341	1,391,627	1,185,752	1,156,341
Retained earnings	2,889,591	2,889,591	2,889,591	(139,882)	(139,882)	(139,882)
Reserves	453,996	453,996	453,996	1,057,112	1,057,112	1,057,112
	4,735,295	4,529,415	4,500,004	2,308,938	2,103,058	2,073,647
Treasury Shares	–	–	–	–	–	–
Total Shareholders' Equity	4,735,295	4,529,415	4,500,004	2,308,938	2,103,058	2,073,647
Non-controlling interests	155,898	155,898	155,898	–	–	–
Total Equity	4,891,193	4,685,313	4,655,902	2,308,938	2,103,058	2,073,647
Net Assets	4,891,193	4,685,313	4,655,902	2,308,938	2,103,058	2,073,647
Current Assets	4,239,568	4,033,688	4,004,277	1,838,098	1,632,218	1,602,807
Current Liabilities	3,802,951	3,802,951	3,802,951	52,630	52,630	52,630
Total Borrowings	5,098,160	5,098,160	5,098,160	1,310,410	1,310,410	1,310,410
Cash and Cash Equivalents	1,276,454	1,070,574	1,041,163	364,360	158,480	129,069
(Net Debt)/Cash	2.99	3.76	3.90	2.60	7.27	9.15
Number of Shares ('000) (excluding treasury shares)	1,221,581	1,148,286	1,148,286	1,221,581	1,148,286	1,148,286
<b>Financial Ratios</b>						
Net Asset Value per Share (RMB)	4.00	4.08	4.05	1.89	1.83	1.81
Gross Debt <sup>(2)</sup> Gearing (%)	104.23%	108.81%	109.50%	56.75%	62.31%	63.19%
Net Debt <sup>(2)</sup> Gearing (%)	78.13%	85.96%	87.14%	40.97%	54.77%	56.97%
Current Ratio (times)	1.11	1.06	1.05	34.92	31.01	30.45
Basic EPS (RMB cents)	49.22	52.36	52.36	NA	NA	NA

Notes:

- (1) 73,294,860 Shares to be cancelled and is computed based on 1,221,581,000 Shares in issue as at the Latest Practicable Date.
- (2) Gross and Net Debt measured against Total Equity.

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**Shareholders should note that the financial effects set out above are based on the audited financial statements of the Group and the Company for the financial year ended 31 December 2017 and are for illustration purposes only. The results of the Group and the Company for the financial year ended 31 December 2017 may not be representative of future performance.**

It should be noted that although the Share Purchase Mandate would authorise the Company to potentially purchase or acquire up to 10.0% of the issued Shares, the Company may not necessarily purchase or acquire or be able to purchase or acquire the entire 10.0% of the issued Shares as mandated. In addition, the Company may cancel or hold in treasury all or part of the Shares purchased or acquired. The Company will take into account both financial and non-financial factors (for example, the public float of the Company, stock market conditions and the performance of the Shares) in assessing the relative impact of a share purchase before execution.

### 2.8 Tax Implications

Shareholders who are in doubt as to their respective tax positions or any tax implications, or who may be subject to tax in a jurisdiction outside Singapore, should consult their own professional advisers.

### 2.9 Listing Status of the Shares

The Listing Manual requires a listed company to ensure that at least 10% of the total number of its issued shares (excluding treasury shares, preference shares and convertible equity securities) in a class that is listed on the SGX-ST, is held by public shareholders at all times. As at the Latest Practicable Date, approximately 17.00% of the issued Shares are held by public Shareholders. Accordingly, the Company notes that there is an insufficient number of the Shares in issue held by public Shareholders which would permit the Company to potentially undertake purchases or acquisitions of its Shares through Market Purchases up to the full 10.0% limit pursuant to the Share Purchase Mandate without affecting the listing status of the Shares on the SGX-ST.

The Company, when purchasing its Shares, will ensure (i) that there is a sufficient float for an orderly market in its securities, and (ii) that the listing status of the Shares on the SGX-ST is not affected by such purchase.

### 2.10 Listing Rules

The Listing Manual restricts a listed company from purchasing its shares by way of market purchases at a price per share which is more than 5.0% above the “average closing price”, being the average of the closing market prices of the shares over the last five Market Days on which transactions in the shares were recorded, before the day on which the purchases were made, as deemed to be adjusted for any corporate action that occurs after the relevant five-day period. The Maximum Price for a Share in relation to Market Purchases referred to in paragraph 2.3 above complies with this requirement. Although the SGX-ST Listing Manual does not prescribe a maximum price in relation to purchases of shares by way of off-market purchases, the Company has set a cap of 20.0% above the average closing price of a Share as the Maximum Price for a Share to be purchased or acquired by way of an Off-Market Purchase.

While the Listing Manual does not expressly prohibit any purchase of shares by a listed company during any particular time or times, because the listed company would be regarded as an “insider” in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the Share Purchase Mandate at any time after a price sensitive development has occurred or has been the subject of a decision until the price sensitive information has been publicly announced. In particular, in line with the best practices guide on securities dealings issued by the SGX-ST, the Company would not purchase or acquire any Shares through Market Purchases during the period of one month immediately preceding the announcement of the Company’s full-year results and the period of two weeks before the announcement of the first quarter, second quarter and third quarter results.

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### 2.11 Reporting Requirements

The Listing Manual specifies that a listed company shall report all purchases or acquisitions of its shares to the SGX-ST not later than 9.00 a.m. (a) in the case of a Market Purchase, on the Market Day following the day of purchase or acquisition of any of its shares, and (b) in the case of an Off-Market Purchase on an equal access scheme, on the second Market Day after the close of acceptances of the offer. Such announcement (which must be in the form of Appendix 8.3.1 to the Listing Manual) must include, *inter alia*, details of the date of the purchase, the total number of shares purchased, the number of shares cancelled, the number of shares held as treasury shares, the purchase price per share or the highest and lowest prices paid for such shares, as applicable, the total consideration (including stamp duties and clearing charges) paid or payable for the shares, the number of shares purchased as at the date of announcement (on a cumulative basis), the number of issued shares excluding treasury shares and subsidiary holdings and the number of treasury shares and subsidiary holdings held after the purchase.

### 2.12 Take-over Implications

Appendix 2 of the Take-over Code ("**Appendix 2**") contains the Share Buy-Back Guidance Note. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below:

#### 2.12.1 *Obligation to make a Take-over Offer*

If, as a result of any purchase or acquisition by the Company of its Shares, a Shareholder's proportionate interest in the voting capital of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code. If such increase results in a change of effective control, or, as a result of such increase, a Shareholder or group of Shareholders acting in concert obtains or consolidates effective control of the Company, such Shareholder or group of Shareholders acting in concert could become obliged to make a take-over offer for the Company under Rule 14 of the Take-over Code.

#### 2.12.2 *Persons Acting in Concert*

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company to obtain or consolidate effective control of that company.

Unless the contrary is established, the Take-over Code presumes, *inter alia*, the following individuals and companies to be persons acting in concert:

- (a) the following companies:
  - (i) a company;
  - (ii) the parent company of (i);
  - (iii) the subsidiaries of (i);
  - (iv) the fellow subsidiaries of (i);
  - (v) the associated companies of any of (i), (ii), (iii) or (iv);
  - (vi) companies whose associated companies include any of (i), (ii), (iii), (iv) or (v); and
  - (vii) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights; and

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- (b) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts).

The circumstances under which Shareholders (including Directors) and persons acting in concert with them respectively will incur an obligation to make a take-over offer under Rule 14 of the Take-over Code after a purchase or acquisition of Shares by the Company are set out in Appendix 2.

### 2.12.3 *Effect of Rule 14 and Appendix 2*

In general terms, the effect of Rule 14 and Appendix 2 is that, unless exempted, Directors of the Company and persons acting in concert with them will incur an obligation to make a take-over offer for the Company under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Directors and their concert parties would increase to 30% or more, or if the voting rights of such Directors and their concert parties fall between 30% and 50% of the Company's voting rights, the voting rights of such Directors and their concert parties would increase by more than 1% in any period of six months. In calculating the percentages of voting rights of such Directors and their concert parties, treasury shares shall be excluded.

Under Appendix 2, a Shareholder not acting in concert with the Directors of the Company will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder in the Company would increase to 30% or more, or, if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of six months. Such Shareholder need not abstain from voting in respect of the Ordinary Resolution authorising the Share Purchase Mandate.

As at the Latest Practicable Date, the Controlling Shareholders of the Company, Dou Zhenggang and his spouse Wei Xuefeng, and their respective concert parties collectively hold (directly or indirectly) in aggregate approximately 61.39% of the Shares. Accordingly, as Dou Zhenggang, Wei Xuefeng and their respective concert parties already collectively hold more than 50% of the voting rights in the Company, purchases or acquisitions of Shares by the Company pursuant to the Share Purchase Mandate would not result in any of Dou Zhenggang, Wei Xuefeng or their respective concert parties incurring an obligation to make a mandatory take-over offer under Rule 14 read with Appendix 2 of the Code.

Based on the interests of substantial Shareholders as recorded in the Register of Substantial Shareholders as at the Latest Practicable Date, none of the substantial Shareholders would become obliged to make a take-over offer for the Company under Rule 14 of the Take-over Code as a result of the acquisition or purchase by the Company of 10.0% of its issued Shares as at the Latest Practicable Date.

**Shareholders are advised to consult their professional advisers and/or the Securities Industry Council at the earliest opportunity as to whether an obligation to make a take-over offer would arise by reason of any share purchases by the Company.**

## 3. THE PROPOSED MODIFICATIONS TO, AND RENEWAL OF, THE GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS

### 3.1 Background

On 20 July 2016, the Shareholders had originally adopted the IPT General Mandate. At the extraordinary general meeting of the Company held on 25 April 2017 (the "2017 EGM"), the Shareholders had approved the renewal of the IPT General Mandate. The terms of the IPT General Mandate were set out in the circular from the Company to Shareholders dated 10 April 2017.

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The IPT General Mandate enables the Company, its subsidiaries and associated companies that are considered to be “entities at risk” within the meaning of Chapter 9 of the Listing Manual (the “**EAR Group**”), to enter in the ordinary course of business into any of the mandated transactions with specified classes of the Company’s interested persons, provided that such transactions are made on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

### 3.2 Annual Renewal of the IPT General Mandate

The IPT General Mandate approved at the 2017 EGM will, unless renewed at the EGM, expire on the date of the EGM, being 30 April 2018. If the proposed resolution for the modifications to, and renewal of, the IPT General Mandate is approved at the forthcoming EGM, the IPT General Mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the date on which the next annual general meeting of the Company is held or is required to be held, whichever is the earlier date.

Accordingly, it is proposed that the IPT General Mandate be modified and renewed at the EGM, to take effect until the conclusion of the next annual general meeting of the Company.

### 3.3 Proposed Modifications to the IPT General Mandate

Following a review by the Audit Committee, the Company is proposing a modification to the definition of “Mandated Interested Persons” (as defined herein), as described below. The nature of the interested person transactions and the review procedures for determining transaction prices in respect of which the IPT General Mandate is sought to be renewed remain unchanged.

The existing Mandated Interested Persons for the purpose of the IPT General Mandate refers to an exhaustive list of identified entities specific to each category of Mandated Transactions (as defined herein), each of which are associates of the Controlling Shareholders of the Company, being:

“Purchase of Raw Materials

- (i) Ningbo Daxie Deran Trading Co., Ltd. (宁波大榭开发区德然商贸有限公司);
- (ii) Ningbo Jinlikang Energy Co., Ltd. (宁波锦利康能源有限公司);

Purchase of Construction-Related Materials

- (iii) Hangzhou Zhengcai;

Construction Services

- (iv) Zhejiang Jinxin Construction Engineering Co., Ltd. (浙江锦鑫建筑工程有限公司);

Design and Consulting Services

- (v) Hangzhou Jinjiang Engineering Design and Research Co., Ltd. (杭州锦江工程设计研究有限公司);

Project Technical and Management Services and Energy Management Contracting (“EMC”) Services

- (vi) Henan Jinrong Cement Co., Ltd. (河南锦荣水泥有限公司);
- (vii) Guangxi Tiandong Jinsheng Chemical Engineering Co., Ltd. (西田东锦盛化工有限公司);
- (viii) Shanxi Xiaoyi Xing’an Chemical Co., Ltd. (山西省孝义市兴安化工有限公司);

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- (ix) *Cayman (Shanxian) Energy Comprehensive Utilisation Co., Ltd. (开曼(陕县)能源综合利用有限公司);*
- (x) *Kuitun Jinjiang Chemical Engineering Co., Ltd. (奎屯锦江化工有限公司);*
- (xi) *Kuitun Jinjiang Thermal Electricity Co., Ltd. (奎屯锦江热电有限公司);*
- (xii) *Shanxian Jinhua Chemical Engineering Co., Ltd. (陕县锦华化工有限公司);*
- (xiii) *Shanxi Fusheng Aluminium Industry Co., Ltd. (山西复晟铝业有限公司);*
- (xiv) *Zhongning Jinning Carbon Co., Ltd. (中宁县锦宁碳素有限公司);*
- (xv) *Zhejiang Zhuji Bafang Thermal Power Co., Ltd. (浙江诸暨八方热电有限责任公司);*
- (xvi) *Inner Mongolia Jinlian Aluminium Co., Ltd. (内蒙古锦联铝材有限公司);*
- (xvii) *Zhongning Jinning Aluminium Magnesium New Material Co., Ltd. (中宁县锦宁铝镁新材料有限公司);*
- (xviii) *Guizhou Huajin Aluminium Industry Co., Ltd. (贵州华锦铝业有限公司);*
- (xix) *Zhejiang Jiyang Thermal Power Co., Ltd. (浙江暨阳协联热电有限公司); and*
- (xx) *Guangxi Napo Baiyi Mining Development Investment Co., Ltd. (广西那坡百益矿业开发投资有限公司)”.*

As the current definition of “Mandated Interested Persons” is specific to each category of Mandated Transactions and sets out an exhaustive list of specific entities, all of which are associates of the Controlling Shareholders of the Company as at the date on which the IPT General Mandate was last renewed, the Company is proposing to amend such definition to provide an omnibus definition which will include entities in which Mr. Dou Zhenggang and his immediate family (as defined in the Listing Manual) together (directly or indirectly) have an interest of 30% or more (provided, however, that (i) any provision of materials or services by any such entity to the EAR Group is in the normal course of business of such entity and (ii) any acquisition of materials or services by any such entity from the EAR Group is in connection with or ancillary to the normal course of business of such entity), and would not be specific to each category of Mandated Transactions.

Consequently, it is proposed that the definition of “Mandated Interested Persons” for the purposes of the IPT General Mandate be amended to refer to:

*“entities in which Mr. Dou Zhenggang and his immediate family (as defined in the Listing Manual) together (directly or indirectly) have an interest of 30% or more, provided, however, that:*

- (i) any provision of materials or services by any such entity to the EAR Group is in the normal course of business of such entity; and*
- (ii) any acquisition of materials or services by any such entity from the EAR Group is in connection with or ancillary to the normal course of business of such entity”.*

For the avoidance of doubt, such Mandated Interested Persons would include such persons who may, during such period while the IPT General Mandate is in effect, become Mandated Interested Persons where previously they were not so.



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The rationale for such amendment is to ensure that the scope of Mandated Interested Persons for the purposes of the IPT General Mandate will not be unduly restrictive and only confined to an exhaustive list of entities specific to each category of Mandated Transactions, as there could be future changes in the corporate structure of the entities held by the Controlling Shareholders or additional entities (in which the Controlling Shareholders may have interests) transacting with the Company in the ordinary course of business, in line with the future growth of the waste-to-energy (“WTE”) and energy management contracting (“EMC”) businesses of the Group. Such transactions would be covered under the IPT General Mandate (as proposed to be modified) and be subject to the review procedures for determining transaction prices.

Particulars of the IPT General Mandate (as proposed to be modified), including the rationale for the IPT General Mandate, the benefits to be derived by the Company, the classes of Mandated Interested Persons, the categories of Mandated Transactions and the review procedures for determining transaction prices, are set out in paragraph 3.6 of this Circular. The proposed modifications are blacklined for Shareholders’ ease of reference.

### 3.4 Audit Committee’s Confirmation

Pursuant to Rule 920(1)(c) of the Listing Manual, the Audit Committee confirms that:

- (a) the methods or procedures for determining the transaction prices have not changed since the IPT General Mandate was last approved by Shareholders at the 2017 EGM; and
- (b) the methods or procedures referred to in sub-paragraph (a) above are sufficient to ensure that the mandated transactions carried out thereunder will be on normal commercial terms, and will not be prejudicial to the interests of the Company and its minority Shareholders.

### 3.5 Chapter 9 of the Listing Manual

Chapter 9 of the Listing Manual governs transactions between a listed company, as well as transactions by its subsidiaries and associated companies that are considered to be “at risk”, with the listed company’s interested persons.

Except for any transaction which is below S\$100,000 in value and certain transactions which, by reason of the nature of such transactions, are not considered to put the listed company at risk to its interested person and hence are excluded from the ambit of Chapter 9, when this Chapter applies to a transaction with an interested person and the value of the transaction alone or in aggregation with other transactions conducted with the same interested person during the financial year reaches or exceeds certain materiality thresholds (which are based on the listed company’s latest audited consolidated net tangible assets (“NTA”)), the listed company is required to make an immediate announcement, or to make an immediate announcement and seek its shareholders’ approval for the transaction. In particular, shareholders’ approval is required for an interested person transaction of a value equal to, or exceeding:

- (a) 5% of the listed company’s latest audited consolidated NTA; or
- (b) 5% of the listed company’s latest audited consolidated NTA, when aggregated with the values of all other transactions entered into with the “same interested person” (as such term is construed under Chapter 9 of the Listing Manual) during the same financial year.

Based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2017, the consolidated NTA of the Group was RMB2,870.7 million (equivalent to approximately S\$598.8 million). Accordingly, in relation to the Group, for the purposes of Chapter 9 of the Listing Manual, in the current financial year and until the audited consolidated financial statements of the Group for the financial year ending 31 December 2018 are published, 5% of the Group’s latest audited consolidated NTA would be RMB143.5 million (equivalent to approximately S\$29.9 million).

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Chapter 9 of the Listing Manual, however, allows the Company to seek a mandate from its Shareholders for recurrent interested person transactions which are of a revenue or trading nature or for those necessary for its day-to-day operations. These transactions may not include the purchase or sale of assets, undertakings or businesses which are not part of the Company's day-to-day operations.

For the purposes of Chapter 9 of the Listing Manual:

- (i) an “**approved exchange**” means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles as Chapter 9;
- (ii) an “**associate**” in relation to an interested person who is a director, chief executive officer or controlling shareholder, includes an immediate family member (that is, the spouse, child, adopted child, step-child, sibling or parent) of such director, chief executive officer or controlling shareholder, the trustees of any trust of which the director/his immediate family, the chief executive officer/his immediate family or the controlling shareholder/his immediate family is a beneficiary, or in the case of a discretionary trust, is a discretionary object, and any company in which the director/his immediate family, the chief executive officer/his immediate family or the controlling shareholder/his immediate family has or have an aggregate interest (directly or indirectly) of 30% or more, and, where a controlling shareholder is a corporation, its subsidiary or holding company or fellow subsidiary or a company in which it and/or they have (directly or indirectly) an interest of 30% or more;
- (iii) an “**associated company**” means a company in which at least 20% but not more than 50% of its shares are held by the listed company or group;
- (iv) an “**entity at risk**” means:
  - (i) the listed company;
  - (ii) a subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange; or
  - (iii) an associated company of the listed company that is not listed on the SGX-ST or an approved exchange, provided that the listed company and/or its subsidiaries (the “**listed group**”), or the listed group and its interested person(s), has control over the associated company;
- (v) an “**interested person**” means a director, chief executive officer or controlling shareholder of the listed company or an associate of such director, chief executive officer or controlling shareholder;
- (vi) an “**interested person transaction**” means a transaction between an entity at risk and an interested person;
- (vii) a “**transaction**” includes the provision or receipt of financial assistance; the acquisition, disposal or leasing of assets; the provision or receipt of services; the issuance or subscription of securities; the granting of or being granted options; and the establishment of joint ventures or joint investments, whether or not entered into in the ordinary course of business, and whether entered into directly or indirectly; and



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- (viii) in interpreting the term “**same interested person**” for the purpose of aggregation of the values of all transactions entered into with the same interested person during the same financial year under Rules 905 and 906 of Chapter 9 of the Listing Manual, the following applies:
- (i) transactions between an entity at risk and interested persons who are members of the same group are deemed to be transactions between the entity at risk with the same interested person; and
  - (ii) if an interested person (which is a member of a group) is listed, its transactions with the entity at risk need not be aggregated with transactions between the entity at risk and other interested persons of the same group, provided that the listed interested person and other listed interested persons have boards the majority of whose directors are different and are not accustomed to act on the instructions of the other interested persons and their associates and have audit committees whose members are completely different.

### 3.6 Proposed Modifications to, and Renewal of, the IPT General Mandate

#### 3.6.1 *Introduction*

The Company anticipates that the EAR Group would, in the ordinary course of business, continue to enter into certain transactions with its interested persons (as such term is defined in the Listing Manual and/or in accordance with the directions of the SGX-ST), including but not limited to those categories of transactions described below. In view of the time-sensitive nature of commercial transactions, it would be advantageous for the Company to obtain a Shareholders' mandate to enter into certain interested person transactions in the EAR Group's normal course of business, provided that all such transactions are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

Chapter 9 of the Listing Manual allows a listed company to obtain a mandate from its shareholders for recurrent interested person transactions which are of a revenue or trading nature or for those necessary for its day-to-day operations. These transactions may not include the purchase or sale of assets, undertakings or businesses which are not part of its day-to-day operations.

The IPT General Mandate will take effect from the passing of the Ordinary Resolution relating thereto, and will continue in force until the conclusion of the next annual general meeting of the Company (unless sooner revoked or varied by the Company in general meeting). Approval from Shareholders will be sought for the renewal of the IPT General Mandate at the next annual general meeting (or extraordinary general meeting following such annual general meeting) and each subsequent annual general meeting (or extraordinary general meeting following such annual general meeting) of the Company, subject to satisfactory review by the Audit Committee of the Company of its continued application to the Mandated Transactions (as defined below).

#### 3.6.2 *Entities at Risk*

For the purposes of the IPT General Mandate, an “Entity at Risk” means:

- (a) the Company;
- (b) a subsidiary of the Company (excluding subsidiaries listed on the SGX-ST or an approved exchange); or
- (c) an associated company of the Company (other than an associated company that is listed on the SGX-ST or an approved exchange) over which the Group, or the Group and its interested person(s), has or have control.

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### 3.6.3 *Classes of Mandated Interested Persons*

The IPT Mandate will apply to the transactions that are carried out between any Entity at Risk and the following entities, which are associates of the Controlling Shareholders of the Company:-

#### Purchase of Raw Materials

(i) — Ningbo Daxie Deran Trading Co., Ltd. (宁波大榭开发区德然商贸有限公司);

(ii) — Ningbo Jinlikang Energy Co., Ltd. (宁波锦利康能源有限公司);

#### Purchase of Construction-Related Materials

(iii) — Hangzhou Zhengcai;

#### Construction Services

(iv) — Zhejiang Jinxin Construction Engineering Co., Ltd. (浙江锦鑫建筑工程有限公司);

#### Design and Consulting Services

(v) — Hangzhou Jinjiang Engineering Design and Research Co., Ltd. (杭州锦江工程设计研究有限公司);

#### Project Technical and Management Services and EMC Services

(vi) — Henan Jinrong Cement Co., Ltd. (河南锦荣水泥有限公司);

(vii) — Guangxi Tiandong Jinsheng Chemical Engineering Co., Ltd. (西田东锦盛化工有限公司);

(viii) — Shanxi Xiaoyi Xing'an Chemical Co., Ltd. (山西省孝义市兴安化工有限公司);

(ix) — Cayman (Shanxian) Energy Comprehensive Utilisation Co., Ltd. (开曼(陕县)能源综合利用有限公司);

(x) — Kuitun Jinjiang Chemical Engineering Co., Ltd. (奎屯锦江化工有限公司);

(xi) — Kuitun Jinjiang Thermal Electricity Co., Ltd. (奎屯锦江热电有限公司);

(xii) — Shanxian Jinhua Chemical Engineering Co., Ltd. (陕县锦华化工有限公司);

(xiii) — Shanxi Fusheng Aluminium Industry Co., Ltd. (山西复晟铝业有限公司);

(xiv) — Zhongning Jinning Carbon Co., Ltd. (中宁县锦宁碳素有限公司);

(xv) — Zhejiang Zhuji Bafang Thermal Power Co., Ltd. (浙江诸暨八方热电有限责任公司);

(xvi) — Inner Mongolia Jinlian Aluminium Co., Ltd. (内蒙古锦联铝材有限公司);

(xvii) — Zhongning Jinning Aluminium Magnesium New Material Co., Ltd. (中宁县锦宁铝镁新材料有限公司);

(xviii) — Guizhou Huajin Aluminium Industry Co., Ltd. (贵州华锦铝业有限公司);

(xix) — Zhejiang Jiyang Thermal Power Co., Ltd. (浙江暨阳协联热电有限公司); and

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(xx) ~~Guangxi Napo Baiyi Mining Development Investment Co., Ltd. (广西那坡百益矿业开发投资有限公司);~~

entities in which Mr. Dou Zhenggang and his immediate family (as defined in the Listing Manual) together (directly or indirectly) have an interest of 30% or more, provided, however, that:

- (i) any provision of materials or services by any such entity to the EAR Group is in the normal course of business of such entity; and
- (ii) any acquisition of materials or services by any such entity from the EAR Group is in connection with or ancillary to the normal course of business of such entity.

(collectively, the “**Mandated Interested Persons**” and each a “**Mandated Interested Person**”, all being “interested persons” as defined in the Listing Manual).

For the avoidance of doubt, such Mandated Interested Persons would include such persons who may, during such period while the IPT General Mandate is in effect, become Mandated Interested Persons where previously they were not so.

### 3.64 ***Categories of Mandated Interested Person Transactions***

The types of transactions with the Mandated Interested Persons to which the IPT General Mandate will apply (the “**Mandated Transactions**”), and the benefits to be derived therefrom, are set out below.

#### (a) *Purchase of Raw Materials and Construction-Related Materials*

This category of transactions pertains to the purchase of coal and other raw materials, as well as construction-related materials by the EAR Group from Mandated Interested Persons in the normal course of business of the EAR Group. The transactions within this category include:

- (i) the purchase of coal and other raw materials by the EAR Group from the Mandated Interested Persons;
- (ii) the purchase of construction-related materials by the EAR Group from the Mandated Interested Persons; and
- (iii) the provision or obtaining of such other products and services which are incidental to or in connection with the provision or obtaining of products and services in sub-paragraphs (i) and (ii) above, including but not limited to transportation and logistics services.

#### (b) *Construction and Ancillary Services*

This category of transactions pertains to the provision of construction-related services and ancillary services (including design and consulting services) by the Mandated Interested Persons to the EAR Group in relation to the design and construction of WTE and other facilities, which are of a recurring nature and are in the ordinary course of business of the EAR Group. The transactions within this category include:

- (i) the tender by the Mandated Interested Persons for (whether by way of public tender, invitation or otherwise) and/or obtaining by the Mandated Interested Persons of the award of contracts from the EAR Group as main contractors, sub-contractors, suppliers and/or consultants for construction, building, engineering, architectural, retro-fitting and/or alteration and addition works for WTE and other facilities (“**Construction Services**”);

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- (ii) the provision of integrated design and consulting services by the Mandated Interested Persons to the EAR Group, including keeping track of the latest technological developments in the WTE industry, inspecting the qualification and experience of service providers to be engaged for design-related services, organising public tenders for the design of WTE facilities and liaising with and supervising service providers engaged to provide design-related services (“**Design and Consulting Services**”); and
  - (iii) the provision and/or obtaining of such other products and services which are incidental to or in connection with the provision or obtaining of products and services in sub-paragraphs (i) and (ii) above by the Mandated Interested Persons to the Group, including but not limited to the provision and/or obtaining of relevant construction materials and equipment.
- (c) **Project Technical and Management Services and EMC Services**
- This category of transactions pertains to the provision of project technical and management services and EMC services by the EAR Group to the Mandated Interested Persons, which are recurrent transactions of a revenue or trading nature. The transactions within this category include:
- (i) the provision of project technical and management services;
  - (ii) the provision of energy-saving and residual heat utilisation solutions;
  - (iii) the provision of consultancy services in relation to operations optimisation and equipment selection;
  - (iv) the provision of management and operational support services;
  - (v) the provision of consultancy services in relation to energy-saving technology; and
  - (vi) the provision and/or obtaining of such other products and services which are incidental to or in connection with the provision or obtaining of products and services in sub-paragraphs (i) to (v) above, including but not limited to the provision of energy-saving and residual heat utilisation equipment and facilities.

### 3.6.5 ***Rationale for and Benefits of the IPT General Mandate***

The IPT General Mandate and its subsequent renewal on an annual basis would eliminate the need to announce, or to announce and convene separate general meetings from time to time to seek Shareholders’ prior approval as and when potential Mandated Transactions with Mandated Interested Persons arise, thereby saving substantial administrative time and costs expended in convening such meetings, without compromising the corporate objectives and adversely affecting the business opportunities available to the EAR Group.

The IPT General Mandate is intended to facilitate transactions in the normal course of business of the EAR Group which are transacted from time to time with the Mandated Interested Persons, provided that they are carried out at arm’s length and on normal commercial terms, and are not prejudicial to the interests of the Company and its minority Shareholders. The EAR Group will benefit from having access to competitive quotes from the Mandated Interested Persons in addition to obtaining quotes from, or transacting with, non- Mandated Interested Persons.

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In accordance with the requirements of Chapter 9 of the Listing Manual, the Company will (i) disclose in its annual report the aggregate value of transactions conducted with Mandated Interested Persons pursuant to the IPT General Mandate during the financial year (as well as in the annual reports for subsequent financial years that the IPT General Mandate continues to be in force); and (ii) announce the aggregate value of transactions conducted with Mandated Interested Persons pursuant to the IPT General Mandate for the financial periods that the Company is required to report on pursuant to Rule 705 of the Listing Manual (which relates to quarterly reporting by listed companies) within the time required for the announcement of such report.

### 3.6.6 ***Review Procedures for Mandated Transactions with Mandated Interested Persons***

To ensure that Mandated Transactions with Mandated Interested Persons are undertaken at: (i) arm's length and on normal commercial terms consistent with the Group's usual business practices and on terms which are generally not more favourable than those extended to unrelated third parties; or (ii) in any event on terms no less favourable to the Group than prevailing open market rates, and will not be prejudicial to the interests of the Company and its minority Shareholders, the Group will adopt the following procedures for the review and approval of Mandated Transactions under the IPT General Mandate:

- (a) The following procedures will be adopted in relation to (i) purchases of raw materials and construction-related materials from Mandated Interested Persons, (ii) the provision of Construction Services and ancillary services (including Design and Consulting Services) by Mandated Interested Persons and (iii) the provision of project technical and management services and EMC services to Mandated Interested Persons:

#### Purchase of Raw Materials and Construction-Related Materials

In relation to the purchase of coal and other raw materials as well as construction-related materials from Mandated Interested Persons, the price and commercial terms will be determined based on the prevailing market rates, which are determined by market forces, demand and supply, specifications and other relevant factors. The Group will also take into account transportation costs involved. Prices from the Company's interested persons are generally aggregate of cost, freight costs and an administrative fee of 2-3%. Where the prevailing market rates or prices are not available for comparison, the purchasing department of the Group will assess the pricing quoted by the Mandated Interested Person based on its usual business practices, taking into account factors, including but not limited to the budget allocated for the transaction as well as the capacity and reliability of the Mandated Interested Person.

In determining whether the price and commercial terms offered by the Mandated Interested Persons are fair and reasonable, factors such as, but not limited to, delivery schedules, compliance with specifications, track record and reliability, experience and expertise, capacity and payment terms will be taken into consideration. In addition, the purchasing department of the Group will procure at least two quotations from unrelated third party vendors in respect of similar categories of products. The price and commercial terms offered by the Mandated Interested Persons shall be no less favourable to the EAR Group than what is available in the market, having regard to all relevant factors.

Where it is impracticable or not possible for quotations to be obtained from unrelated third party vendors, the price and commercial terms offered by the Mandated Interested Person will be compared to those for the same or substantially the same types of transactions entered into between the Mandated Interested Person and third parties. The review procedures in such cases may include, where applicable, reviewing the standard price lists provided by the Mandated Interested

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Person to its customers for such products and be based on the commercial merits of the transaction. Where it is impractical or not possible to compare the price and commercial terms with those for the same or substantially the same types of transactions entered into between the Mandated Interested Person and third parties, the Relevant Authorised Persons (as defined in paragraph (b) below) will determine whether the terms of supply are fair and reasonable. This would include taking into account, where known, among other matters as may be necessary, the nature and duration of the transaction, the cost and margins of the Mandated Interested Person and the quality of the products to be purchased.

### Construction Services and Ancillary Services

In relation to the provision of Construction Services and ancillary services (including Design and Consulting Services) by Mandated Interested Persons to the EAR Group, the price and commercial terms offered by the Mandated Interested Persons will be assessed based on the comparable third party contracts approach. At least two recent contracts, for the same or substantially the same nature of Construction Services and Design and Consulting Services (as the case may be), entered into by the Group with third parties will be used as a basis of comparing the price and commercial terms offered by the Mandated Interested Person, after taking into account, *inter alia*, if applicable, factors including but not limited to, the complexity of the services rendered, the Group's project specifications, the project schedule, the payment terms, the sufficiency and availability of resources, the creditworthiness of the Mandated Interested Person, the technical expertise required and prevailing estimated project costs. For example, in relation to Construction Services, as the main drivers affecting construction costs are floor area and installations required, the contracts of a similar nature will be analysed on a cost per square feet or cost per installation basis. After analysing the costs in specific detail, the Group will then derive a meaningful contract sum to be paid to the Mandated Interested Person.

Where it is impracticable or not possible for such contracts to be obtained, the price and commercial terms offered by the Mandated Interested Person will be compared to those for the same or substantially the same types of transactions entered into between the Mandated Interested Person and third parties. The review procedures in such cases may include, where applicable, reviewing the standard price lists provided by the Mandated Interested Person to its customers for such services and be based on the commercial merits of the transaction. Where it is impractical or not possible to compare the price and commercial terms with those for the same or substantially the same types of transactions entered into between the Mandated Interested Person and third parties, the Relevant Authorised Persons (as defined in paragraph (b) below) will determine whether the terms of supply are fair and reasonable. This would include taking into account, where known, among other matters as may be necessary, the nature and duration of the transaction, the cost and margins of the relevant project (if any) and the quality of the services to be provided.

### Provision of Project Technical and Management Services and EMC Services

In relation to the provision of project technical and management services and EMC services by the EAR Group to Mandated Interested Persons, the price and commercial terms offered to the Mandated Interested Persons will be determined based on the comparable third party contracts approach. At least two recent contracts, for the same or substantially the same nature of project technical and management services or EMC services (as the case may be), entered into by the Group with third parties will be used as a basis of comparing and determining the price and commercial terms to be offered to the Mandated Interested Person, after



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taking into account, *inter alia*, if applicable, factors including but not limited to, the complexity of the services rendered, the Mandated Interested Person's project specifications, the project schedule, the payment and revenue-sharing terms (where applicable), the cost of investment required, the sufficiency and availability of resources, the creditworthiness of the Mandated Interested Person, the technical expertise required and the prevailing estimated project costs determined by a project director and/or quantity surveyor(s).

Where it is impracticable or not possible for such contracts to be obtained, the price and commercial terms offered to the Mandated Interested Person will be determined in accordance with the Group's usual business practice and be consistent with the margins obtained by the Group in its business operations.

- (b) The following review and approval procedures will apply to the Mandated Transactions:
- (i) Transactions equal to or exceeding S\$100,000 each in value but below the Financial Limit (as defined below) each in value, will be reviewed and approved by either the Chairman of the Board of Directors or an Executive Director, together with the Audit Committee or such other senior executive(s) of the Company designated by the Audit Committee from time to time for such purpose (collectively, the "**Relevant Authorised Persons**"), and tabled for review by the Audit Committee on a quarterly basis.
  - (ii) Transactions equal to or exceeding the Financial Limit each in value will be reviewed and approved by the Audit Committee.
  - (iii) Any of the Relevant Authorised Persons, and the Audit Committee, may, as he/it deems fit, request for additional information pertaining to the transaction under review from independent sources or advisers, including requesting for an independent financial adviser's opinion and/or the obtaining of valuations from independent professional valuers.

For the purposes of sub-paragraphs (i) and (ii) above, the Financial Limit shall be the amount equivalent to 5.0% of the Group's audited consolidated NTA for the time being, as determined by reference to the Group's latest announced audited consolidated financial statements.

- (c) The following will apply to the review and approval process for all categories of Mandated Transactions:
- (i) If any of the Relevant Authorised Persons has an interest in the transaction or is a nominee for the time being of the Mandated Interested Person, or if any associate (as defined in the Listing Manual) of the Relevant Authorised Persons is involved in the decision making process on the part of the Mandated Interested Person, the review and approval process shall be undertaken by the remaining Relevant Authorised Persons who do not have an interest in the transaction or are a nominee for the time being of the Mandated Interested Person, and who are not subject to such conflicts of interest, save that if all of the Executive Directors have an interest in the transaction, are nominees for the time being of the Mandated Interested Person or are subject to such conflicts of interest, the review and approval process shall be undertaken by the Audit Committee or such other senior executive(s) of the Company designated by the Audit Committee from time to time for such purpose.

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- (ii) If all of the Relevant Authorised Persons have an interest in the transaction, are nominees for the time being of the Mandated Interested Person or have associates (as defined in the Listing Manual) involved in the decision making process on the part of the Mandated Interested Person, the review and approval process shall be undertaken by the Chairman of the Audit Committee or another member of the Audit Committee (who is not a nominee of the Mandated Interested Person, has no interest in the transaction and is not subject to such conflicts of interest) designated by the Chairman of the Audit Committee from time to time for such purpose.
  - (iii) If a member of the Audit Committee has an interest in a transaction or is a nominee for the time being of the Mandated Interested Person, or if any associate (as defined in the Listing Manual) of a member of the Audit Committee is involved in the decision making process on the part of the Mandated Interested Person, he shall abstain from participating in the review and approval process of the Audit Committee in relation to that transaction.
  - (iv) If a member of the Audit Committee (who is not a nominee of the Mandated Interested Person, has no interest in the transaction and is not subject to such conflicts of interest) also serves as an independent non-executive director on the board of directors or (as the case may be) an audit or other board committee of the Mandated Interested Person, and he participates in the review and approval process of the Audit Committee in relation to a transaction with that Mandated Interested Person, he will abstain from participating on any decision before the board or committee of that Mandated Interested Person with respect to such transaction.
- (d) The Company will maintain a register of Mandated Transactions carried out with Mandated Interested Persons (recording the basis, including the quotations obtained to support such basis, on which they are entered into), and the Company's annual internal audit plan will incorporate a review of all Mandated Transactions entered into in the relevant financial year pursuant to the IPT General Mandate.

The Audit Committee will review the internal audit reports on Mandated Transactions to ascertain that the internal control procedures and review procedures for Mandated Transactions have been complied with.

- (e) If during any of the reviews by the Audit Committee, the Audit Committee is of the view that the internal control procedures and review procedures for Mandated Transactions have become inappropriate or insufficient in the event of changes to the nature of, or manner in which, the business activities of the Group or the Mandated Interested Persons are conducted, the Company will revert to Shareholders for a fresh general mandate based on new internal control procedures and review procedures so that Mandated Transactions will be carried out at arm's length, on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.



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### 4. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

#### 4.1 Directors' Interests

The interests of the Directors in the Shares, as recorded in the Register of Directors' Shareholdings of the Company, as at the Latest Practicable Date are set out below:

Directors	Direct Interest		Deemed Interest <sup>(2)</sup>		Total Interest	
	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>
Wang Yuanluo	1,040,000	0.09	–	–	1,040,000	0.09
Wang Wuzhong	400,000	0.03	–	–	400,000	0.03
Wang Ruihong	400,000	0.03	–	–	400,000	0.03
Roy Edwin Campbell II	–	–	–	–	–	–
Ang Swee Tian	80,000	0.01	–	–	80,000	0.01
Hee Theng Fong	–	–	–	–	–	–
Tan Huay Lim	–	–	–	–	–	–
Ni Mingjiang	–	–	–	–	–	–

Notes:

(1) Based on 1,221,581,000 Shares in issue as at the Latest Practicable Date.

(2) Deemed interests refer to interests determined pursuant to Section 4 of the SFA.

#### 4.2 Substantial Shareholders' Interests

The interests of the Substantial Shareholders in the Shares, as recorded from the Register of Substantial Shareholders of the Company, as at the Latest Practicable Date are set out below:

Substantial Shareholders	Direct Interest		Deemed Interest <sup>(2)</sup>		Total Interest	
	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>
China Green Energy	474,195,575	38.82	–	–	474,195,575	38.82
Win Charm <sup>(3)</sup>	275,714,500	22.57	474,195,575	38.82	749,910,075	61.39
Hangzhou Zhengcai <sup>(4)</sup>	–	–	749,910,075	61.39	749,910,075	61.39
Jinjiang Group <sup>(5)</sup>	–	–	749,910,075	61.39	749,910,075	61.39
Dou Zhenggang <sup>(6)</sup>	–	–	749,910,075	61.39	749,910,075	61.39
Wei Xuefeng <sup>(7)</sup>	–	–	749,910,075	61.39	749,910,075	61.39
Zhejiang Hengjia <sup>(8)</sup>	–	–	749,910,075	61.39	749,910,075	61.39
Radec XIX Ltd <sup>(9)</sup>	180,620,574	14.79	–	–	180,620,574	14.79
MKCP Mauritius Master Holdings Ltd. <sup>(9)</sup>	–	–	180,620,574	14.79	180,620,574	14.79
Mount Kellett Master Fund II, L.P. <sup>(9)(10)</sup>	–	–	180,620,574	14.79	180,620,574	14.79
Mount Kellett Capital Management L.P. <sup>(9)</sup>	–	–	180,620,574	14.79	180,620,574	14.79
Mount Kellett Capital Management GP LLC <sup>(9)</sup>	–	–	180,620,574	14.79	180,620,574	14.79
Mr. Mark McGoldrick <sup>(9)</sup>	–	–	180,620,574	14.79	180,620,574	14.79
Fortress MK Advisors LLC <sup>(9)(10)</sup>	–	–	180,620,574	14.79	180,620,574	14.79

## LETTER TO SHAREHOLDERS

Substantial Shareholders	Direct Interest		Deemed Interest <sup>(2)</sup>		Total Interest	
	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>
FIG LLC <sup>(10)</sup>	–	–	180,620,574	14.79	180,620,574	14.79
Fortress Operating Entity I LP <sup>(10)</sup>	–	–	180,620,574	14.79	180,620,574	14.79
FIG Corp. <sup>(10)</sup>	–	–	180,620,574	14.79	180,620,574	14.79
Fortress Investment Group LLC <sup>(10)</sup>	–	–	180,620,574	14.79	180,620,574	14.79
AEP Investments (Mauritius) Limited <sup>(11)</sup>	81,478,351	6.67	–	–	81,478,351	6.67

Notes:

- (1) Based on 1,221,581,000 Shares in issue as at the Latest Practicable Date.
- (2) Deemed interests refer to interests determined pursuant to Section 4 of the SFA.
- (3) Win Charm holds approximately 50.0% of the voting shares in the issued and paid-up share capital of China Green Energy. Accordingly, Win Charm is deemed to have an interest in the Shares held by China Green Energy by virtue of Section 4 of the SFA.
- (4) Hangzhou Zhengcai holds 90.0% of the issued and paid-up share capital of Win Charm. Win Charm is deemed to have an interest in the Shares held by China Green Energy by virtue of Section 4 of the SFA – please refer to Note (3) above. Accordingly, Hangzhou Zhengcai is deemed to have an interest in the Shares held by China Green Energy and Win Charm by virtue of Section 4 of the SFA.
- (5) Jinjiang Group directly and indirectly (through its wholly-owned subsidiary Hangzhou Zhengcai) holds the entire issued and paid-up share capital of Win Charm. Win Charm is deemed to have an interest in the Shares held by China Green Energy by virtue of Section 4 of the SFA – please refer to Note (3) above. Accordingly, Jinjiang Group is deemed to have an interest in the Shares held by China Green Energy and Win Charm by virtue of Section 4 of the SFA.
- (6) Dou Zhenggang holds approximately 63.29% of the registered capital of Jinjiang Group. Jinjiang Group is deemed to have an interest in the Shares held by China Green Energy and Win Charm by virtue of Section 4 of the SFA – please refer to Note (5) above. Accordingly, Dou Zhenggang is deemed to have an interest in the Shares held by China Green Energy and Win Charm by virtue of Section 4 of the SFA.
- (7) Wei Xuefeng, who is Dou Zhenggang's spouse, holds the entire registered capital of Zhejiang Hengjia. Zhejiang Hengjia holds approximately 36.71% of Jinjiang Group's registered capital. Jinjiang Group is deemed to have an interest in the Shares held by China Green Energy and Win Charm by virtue of Section 4 of the SFA – please refer to Note (5) above. Accordingly, Wei Xuefeng is deemed to have an interest in the Shares held by China Green Energy and Win Charm by virtue of Section 4 of the SFA.
- (8) Zhejiang Hengjia holds approximately 36.7% of Jinjiang Group's registered capital. Jinjiang Group is deemed to have an interest in the Shares held by China Green Energy and Win Charm by virtue of Section 4 of the SFA – please refer to Note (5) above. Accordingly, Zhejiang Hengjia is deemed to have an interest in the Shares held by China Green Energy and Win Charm by virtue of Section 4 of the SFA.
- (9) Radec XIX Ltd is wholly owned by MKCP Mauritius Master Holdings Ltd., which in turn is wholly-owned by Mount Kellett Master Fund II, L.P. Mount Kellett Master Fund II, L.P. is co-managed by Mount Kellett Capital Management L.P. and Fortress MK Advisors LLC, which have control over the business and affairs of Mount Kellett Master Fund II, L.P., including making investment and divestment decisions and voting the securities and interests held by Mount Kellett Master Fund II, L.P., including those in MKCP Mauritius Master Holdings Ltd. The general partner of Mount Kellett Capital Management L.P., which has full control over the business and affairs of Mount Kellett Capital Management L.P., including making all investment and divestment decisions and voting the securities and interests held by Mount Kellett Master Fund II, L.P., including those in MKCP Mauritius Master Holdings Ltd., is Mount Kellett Capital Management GP LLC. Mount Kellett Capital Management GP LLC is collectively wholly-owned by Mr. Mark McGoldrick (who is a managing member) and his family member (who is a non-managing member) with shareholding interests of 99% and 1% respectively. Accordingly, each of MKCP Mauritius Master Holdings Ltd., Mount Kellett Master Fund II, L.P., Mount Kellett Capital Management L.P., Fortress MK Advisors LLC, Mount Kellett Capital Management GP LLC and Mr. Mark McGoldrick are deemed to have an interest in the Shares held by Radec XIX Ltd by virtue of Section 4 of the SFA.

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## LETTER TO SHAREHOLDERS

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- (10) Fortress MK Advisors LLC, which was appointed as the co-Manager of Mount Kellett Master Fund II, L.P. on 31 July 2015, is a wholly-owned subsidiary of FIG LLC, which is wholly-owned by Fortress Operating Entity I LP. The general partner of Fortress Operating Entity I LP is FIG Corp., which controls the business and affairs of Fortress Operating Entity I LP, including making investment and divestment decisions and voting the securities and interests held by Fortress Operating Entity I LP, including those in FIG LLC. FIG Corp. is wholly owned by Fortress Investment Group LLC, which is listed on the New York Stock Exchange. Accordingly, each of FIG LLC, Fortress Operating Entity I LP, FIG Corp. and Fortress Investment Group LLC are deemed to have an interest in the Shares held by Radec XIX Ltd by virtue of Section 4 of the SFA.
- (11) The shares in AEP Investments (Mauritius) Limited corresponding to its investment in the Company are held by Asia Environmental Partners, L.P. and its parallel fund, Asia Environmental Partners (PF1), L.P. (collectively, "AEP"). AEP's general partner is Olympus Green Capital Partners, L.P., holding a 0.99% interest in AEP. AEP's limited partners are passive investors consisting of pension funds, government entities, financial institutions, endowments and family offices from North America, Asia, Europe and the Middle East (none of whom owns more than 1% of the Company on a fully diluted, look-through basis).

4.3 Save as disclosed in this Circular, none of the Directors, Substantial Shareholders and their associates have any interests in the proposed adoption of the Share Purchase Mandate and the proposed modifications to, and renewal of, the IPT General Mandate.

### 5. DIRECTORS' RECOMMENDATIONS

#### 5.1 Proposed adoption of the Share Purchase Mandate

Having considered, *inter alia*, the reasons set out in paragraph 2.2 above, the Directors are of the opinion that the proposed adoption of the Share Purchase Mandate is in the interests of the Company. Accordingly, they recommend that Shareholders vote in favour of the Ordinary Resolution relating to the proposed adoption of the Share Purchase Mandate to be proposed at the EGM.

#### 5.2 Proposed modifications to, and renewal of, the IPT General Mandate

Wang Yuanluo is currently the General Manager of Jinjiang Group (which is a Mandated Interested Person for the purposes of the IPT General Mandate) and is therefore not considered independent for the purposes of making recommendations on the proposed modifications to, and renewal of, the IPT General Mandate.

Having considered, *inter alia*, the rationale for the proposed modifications to, and renewal of, the IPT General Mandate, the Directors (save for Wang Yuanluo who has abstained from making a recommendation in respect of the proposed modifications to, and renewal of, the IPT General Mandate) are of the opinion that the entry by the EAR Group into the Mandated Transactions with the Mandated Interested Persons will enhance the efficiency of the EAR Group, and is in the interests of the Company. Accordingly, the Directors (save for Wang Yuanluo who has abstained from making a recommendation in respect of the proposed modifications to, and renewal of, the IPT General Mandate) recommend that Shareholders vote in favour of the Ordinary Resolution relating to the proposed modifications to, and renewal of, the IPT General Mandate to be proposed at the EGM.

### 6. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages N-1 to N-4 of this Circular, will be held at Suntec Singapore Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Level 3, Room 334, Singapore 039593 on 30 April 2018 at 11.00 a.m. (or as soon thereafter following the conclusion or adjournment of the Annual General Meeting of the Company to be held at 10.00 a.m. on the same day and at the same place) for the purpose of considering and, if thought fit, passing with or without modifications, the Ordinary Resolutions set out in the notice of EGM on pages N-1 to N-4 of this Circular.

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## LETTER TO SHAREHOLDERS

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### 7. ABSTENTION FROM VOTING

Each of (i) Dou Zhenggang and Wei Xuefeng, who collectively hold in aggregate approximately 61.39% of the Shares through China Green Energy and Win Charm, and (ii) Wang Yuanluo, who holds approximately 0.09% of the Shares, will abstain, and have undertaken to ensure that their respective associates will abstain, from voting at the EGM in respect of the Ordinary Resolution approving the proposed modifications to, and renewal of, the IPT General Mandate. Such persons should also not accept nomination as proxies or otherwise for voting at the EGM in respect of the aforesaid ordinary resolution unless specific instructions have been given in the instrument of proxy on how Shareholders wish their votes to be cast for the ordinary resolution.

### 8. ACTION TO BE TAKEN BY SHAREHOLDERS

#### 8.1 Appointment of Proxies

If a Shareholder is unable to attend the EGM and wishes to appoint a proxy to attend and vote on his behalf, he should complete, sign and return the attached Proxy Form in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not less than 72 hours before the time fixed for the EGM. The completion and return of a Proxy Form by a Shareholder does not preclude him from attending and voting in person at the EGM if he subsequently wishes to do so. In such event, the relevant Proxy Forms will be deemed to be revoked and the Company reserves the right to refuse to admit any person or persons appointed under the Proxy Form to the EGM.

#### 8.2 When Depositor regarded as Shareholder

A Depositor shall not be regarded as a Shareholder of the Company entitled to attend the EGM and to speak and vote thereat unless his name appears on the Depository Register at least 72 hours before the time fixed for the EGM.

### 9. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the proposed adoption of the Share Purchase Mandate and the proposed modifications to, and renewal of, the IPT General Mandate, and the Company and its subsidiaries which are relevant to the proposed adoption of the Share Purchase Mandate and the proposed modifications to, and renewal of, the IPT General Mandate, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

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## LETTER TO SHAREHOLDERS

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### 10. INSPECTION OF DOCUMENTS

The following documents are available for inspection at 9 Battery Road, #25-01, Singapore 049910 during normal business hours from the date of this Circular up to and including the date of the EGM:

- (a) the annual report of the Company for the financial year ended 31 December 2017;
- (b) the circular from the Company to Shareholders dated 10 April 2017; and
- (c) the Memorandum and Articles of Association of the Company.

Yours faithfully

For and on behalf of the Board of Directors of  
**CHINA JINJIANG ENVIRONMENT HOLDING COMPANY LIMITED**  
中国锦江环境控股有限公司

Wang Yuanluo  
Non-Executive, Non-Independent Chairman

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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China International Capital Corporation (Singapore) Pte. Limited was the sole issue manager, global coordinator, bookrunner and underwriter (“**Sole Issue Manager, Global Coordinator, Bookrunner and Underwriter**”) for the initial public offering of shares in, and listing of, China Jinjiang Environment Holding Company Limited on the Mainboard of the Singapore Exchange Securities Trading Limited. The Sole Issue Manager, Global Coordinator, Bookrunner and Underwriter assumes no responsibility for the contents of this Notice.

### CHINA JINJIANG ENVIRONMENT HOLDING COMPANY LIMITED

中国锦江环境控股有限公司

(Company Registration Number: 245144)

(Incorporated in the Cayman Islands on 8 September 2010)

### NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an Extraordinary General Meeting (the “**EGM**”) of China Jinjiang Environment Holding Company Limited 中国锦江环境控股有限公司 (the “**Company**”) will be held at Suntec Singapore Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Level 3, Room 334, Singapore 039593 on 30 April 2018 at 11.00 a.m. (or as soon thereafter following the conclusion or adjournment of the Annual General Meeting of the Company to be held at 10.00 a.m. on the same day and at the same place) for the purpose of considering and, if thought fit, passing, with or without amendments, the following Resolutions which will be proposed as Ordinary Resolutions:

#### RESOLUTION 1: ORDINARY RESOLUTION

#### THE PROPOSED ADOPTION OF THE SHARE PURCHASE MANDATE

THAT:-

- (a) for the purposes of the Listing Manual of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) (the “**Listing Manual**”) and subject to the Companies Law (as amended) of the Cayman Islands (the “**Cayman Islands Companies Law**”), the exercise by the Directors of the Company (the “**Directors**”) of all the powers of the Company to purchase or otherwise acquire issued ordinary shares fully paid in the capital of the Company (the “**Shares**”) not exceeding in aggregate the Prescribed Limit (as defined below), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as defined below), whether by way of:
- (i) on-market purchase(s) (“**Market Purchase(s)**”) on the SGX-ST transacted through the SGX-ST trading system and/or any other securities exchange on which the Shares may for the time being be listed and quoted (the “**Other Exchange**”); and/or
  - (ii) off-market purchase(s) (“**Off-Market Purchase(s)**”) (if effected otherwise than on the SGX-ST or, as the case may be, the Other Exchange) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Cayman Islands Companies Law and the Listing Manual,

and otherwise in accordance with all other laws and regulations and rules of the SGX-ST or, as the case may be, the Other Exchange, as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the “**Share Purchase Mandate**”);

- (b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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- (i) the conclusion of the next annual general meeting of the Company following the passing of this Resolution;
- (ii) the date by which the next annual general meeting of the Company is required to be held;
- (iii) the date on which purchases and acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated; and
- (iv) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by Shareholders in a general meeting,

(the “**Relevant Period**”);

- (c) in this Resolution:

“**Average Closing Price**” means:

- (i) in the case of a Market Purchase, the average of the closing market prices of a Share over the five consecutive Market Days on which the Shares are transacted on the SGX-ST or, as the case may be, the Other Exchange, immediately preceding the date of the Market Purchase by the Company; or
- (ii) in the case of an Off-Market Purchase, the average of the closing market prices of a Share over the five consecutive Market Days on which the Shares are transacted on the SGX-ST or, as they case may be, the Other Exchange, immediately preceding the date of the making of the offer pursuant to the Off-Market Purchase,

and deemed to be adjusted in accordance with the listing rules of the SGX-ST for any corporate action that occurs after the relevant five-day period;

“**date of the making of the offer**” means the date on which the Company makes an offer for an Off-Market Purchase, stating therein the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase;

“**Market Day**” means a day on which the SGX-ST is open for trading in securities;

“**Maximum Price**” in relation to a Share to be purchased or acquired, means the purchase price (excluding related brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) which shall not exceed:

- (i) in the case of a Market Purchase, 105.0% of the Average Closing Price of the Shares; and
- (ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120.0% of the Average Closing Price of the Shares; and

“**Prescribed Limit**” means that number of issued Shares representing 10.0% of the issued Shares excluding treasury shares and subsidiary holdings as at the date of the passing of this Resolution, unless the Company has effected a reduction of its share capital in accordance with the applicable provisions of the Cayman Islands Companies Law, at any time during the Relevant Period or within any one (1) financial year of the Company, whichever is the earlier, in which event the issued ordinary share capital of the Company shall be taken to be the amount of the issued ordinary share capital of the Company as altered. Any of the Company’s Shares which are held as treasury shares or subsidiary holdings will be disregarded for the purposes of computing the Prescribed Limit; and



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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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- (d) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/ or he may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this Resolution.

### RESOLUTION 2: ORDINARY RESOLUTION

#### THE PROPOSED MODIFICATIONS TO, AND RENEWAL OF, THE GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS

THAT:-

- (1) approval be and is hereby given for the purposes of Chapter 9 of the Listing Manual ("**Chapter 9**") of the SGX-ST, for the Company, its subsidiaries and associated companies that are considered to be "entities at risk" (as that term is used in Chapter 9), or any of them to enter into any of the transactions falling within the types of Mandated Interested Person Transactions described in the circular to shareholders of the Company dated 13 April 2018 (the "**Circular**") with any party who is of the class of interested persons described in the Circular, provided that such transactions are made on normal commercial terms and in accordance with the review procedures for such interested person transactions;
- (2) the approval given in paragraph (1) above (the "**IPT General Mandate**") shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next annual general meeting of the Company; and
- (3) the Directors of the Company and/or any of them be and are and/or is hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient or necessary or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Resolution.

By Order of the Board of Directors

Wang Yuanluo  
Non-Executive, Non-Independent Chairman  
13 April 2018

#### Notes:

1. A member of the Company entitled to attend and vote at the EGM who is the holder of two or more shares in the capital of the Company ("**Shares**") is entitled to appoint not more than two proxies to attend and vote instead of him. A proxy need not be a member of the Company.
2. Where a member of the Company appoints more than one proxy, he/she must specify the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy. If no such proportion is specified the first named proxy may be treated as representing 100% of the Shareholding and any subsequent named proxy as an alternate to the earlier named.
3. The Depository or a relevant intermediary may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified).
4. The instrument appointing a proxy or proxies must be deposited with the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not less than 72 hours before the time appointed for the EGM. The sending of a Proxy Form by a member does not preclude him from attending and voting in person at the EGM if he so wishes. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the EGM in person and, in such event, the Company reserves the right to refuse to admit any person or persons appointed under the Proxy Form to the EGM.



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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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### Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, governmental or regulatory requirements, or guidelines or notices issued by any applicable governmental or regulatory authorities of any relevant jurisdiction, and/or complying with the Company's internal policies (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents) (collectively, the "**Third Parties**"), the member has each of the Third Party's authority to provide such Third Party's personal data to the Company, is validly acting on each of their behalf and has obtained the prior consent of such Third Party for the collection, use and disclosure by the Company (or its agents) of the personal data of such Third Party for the Purposes, (iii) warrants that all personal data that the member provides to the Company is true, accurate and complete, and (iv) agrees that the member will indemnify and at all times to keep the Company and its related corporations (together with their respective officers, employees and agents) (each an "**Injured Party**") indemnified against any penalties, liabilities, claims, demands, losses and damages which may be suffered or incurred by the Injured Party or asserted against the Injured Party by any person or entity (including the member and the member's employees, agents) whatsoever, in respect of any matter or event whatsoever arising out of, in the course of, by reason of or in respect of any member's breach of warranty and/or any action or omission by the member that causes the Company and/or any of its related corporations to be in breach of the Personal Data Protection Act 2012 and all subsidiary legislation related thereto.

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